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SUBJECT: INGA DAM: MOVING AT SNEL'S PACE

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¶1. (U) Summary. Plans to rehabilitate portions of the DRC's Congo River Inga Dam complex, Africa's greatest potential hydroelectric source, are picking up some speed after stagnating for many years. One privately-funded upgrade is already underway, while multilateral donors are in the process of making more substantial commitments for rehabilitation. End summary.

¶2. (U) On May 12, the USAID Mission Director, a visiting USTDA consultant and EconOff accompanied the Acting CEO of SNEL (DRC's electricity authority) to the Congo River's Inga dam and hydroelectric complex. Inga Dam, in Bas-Congo province, is a 45-minute flight from Kinshasa. The complex takes its name from the small town in which it is located. SNEL officials told EmbOffs another nearby village has about 5,000 residents.

BACKGROUND

¶3. (U) The complex includes two plants - Inga One and Inga Two, a conversion station, and transmission facilities. Inga One, completed in 1972, has six turbines and an installed capacity of 350 Megawatts (MW). Its two operating turbines produce no more than 116 MW. At Inga Two, completed in 1982, three of eight turbines function, producing 500 to 600 MW, with a capacity of 1424 MW. Inga is also the departure point for two high tension transmission lines, forming the famous Inga-Shaba line. The line was built across the DRC in the 1980s to bring power to (and exert control over) what is now known as Katanga province. Inga also generates power exported to the Republic of Congo, Zambia, Zimbabwe and South Africa.

¶4. (U) Two potential plants are Inga Three, with a projected output of 3500 MW, and the gemstone, Grand Inga, with a projected 40,000 MW output. SNEL officials explained to EmbOffs that, unlike other significant hydroelectric dams, Inga's production can be relatively constant, because rain replenishes the Congo River year-round. SNEL officials said after the construction of Grand Inga they want to send Inga's power north to Egypt and possibly even to Europe, although transmission lines would first have to be installed.

MANY PROBLEMS

¶5. (U) Inga is but one part of a severely debilitated power grid. Years of mismanagement, theft and conflict have caused the degradation, resulting in fluctuating power production

and distribution, and frequent blackouts nationwide (reftel).

In addition to the turbines, all other aspects of Inga's complex need repair or replacement, including the conversion plant, transmission lines (frequently stolen as they are of high-priced copper) and much of the other associated equipment, such as regulators. Further, substantial quantities of sand accumulated at the dams significantly slow the flow and electricity production. The facilities' controls that EconOffs saw consisted of old technology, with many non-functioning parts.

REHABILITATION PLANS

¶16. (U) SNEL and the GDRC have discussed the much needed rehabilitation and expansion of Inga for many years with potential partners. The first significant work began in 2006.

Mag Energy, a subsidiary of Canadian company Mag Industries, entered into an agreement with SNEL to extend a credit of more than USD 13 million to rehabilitate one turbine at Inga Two in exchange for 130 MW of power to run its magnesium mining operations in Pointe Noire, ROC. The work is scheduled to end in December 2007. The Central African Power Pool's Secretary told EconOff that Mag may fund the renovation of

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four additional turbines.

Also underway is renovation of a power distribution center - a separate project not funded by Mag.

¶17. (SBU) Additionally, the World Bank (WB) and the African Development Bank are in the process of committing about USD 500 million for rehabilitation of the Inga complex (details to be reported septel). According to EconOff's contacts, the WB is disgruntled about the Mag Energy project, claiming that

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short-term repairs falling outside of a master plan may be ill-conceived and inconsistent with a coordinated program. Conversely, DRC energy sector officials with whom EconOff has spoken have complained of the slow pace at which WB has advanced its Inga plans in the face of urgent power needs (reftel). No sound funding plans yet exist for Grand Inga, with a multi-billion dollar price tag. Mining company BHP Billiton entered into an agreement with the GDRC in 2006 to construct Inga 3 in exchange for power to operate an aluminum processing plant in Bas-Congo, but no work has begun.

COMMENT

¶18. (SBU) Grand Inga is far from a reality, but positive signs exist that at least some efforts are underway to bring additional, desperately-needed power to the DRC and the region, and President Kabilas has prioritized these efforts. Though media stories suggesting the DRC will soon be a major exporter of electricity are greatly exaggerated, it is nevertheless encouraging that some rehabilitation projects at Inga are likely to begin soon. End comment.

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